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FILED/ACCEPTED

JUL - 5 2007

Federal Communications Commission  
Office of the Secretary

July 5, 2007

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

Attn: Chief, Wireline Competition Bureau, Competition Policy Division

Re: *Domestic Section 214 Application Filed for the Transfer of Control of CT Communications, Inc. to Windstream Corporation*  
WC Docket No. 07-127

Dear Ms. Dortch:

Pursuant to Section 63.50 of the Commission's rules and at the request of Commission staff, Windstream Corporation ("Windstream") and CT Communications, Inc. ("CTC") (together "Applicants") hereby provide additional information with respect to the North Carolina markets in which Applicants' subsidiaries are incumbent local exchange carriers ("ILECs"). Specifically, Applicants: (1) provide a breakdown of their business and residential customers in the relevant markets in Attachment A, based on updated May 2007 figures; (2) provide additional information regarding actual and potential competitors in those overlap markets; and (3) describe the companies' current operations and the market environment in the Charlotte metropolitan area.

### ***Potential Competitors***

There are nearly 200 entities authorized to provide competitive local exchange service ("CLEC") in North Carolina.<sup>1</sup> Most, if not all, are authorized to provide service in both Windstream and CTC ILEC territories. It is difficult to determine, however, which CLECs have an actual presence in these markets, as access line reports are filed confidentially with the North

<sup>1</sup> A list of these entities is available at the NCUC's website, <http://ncuc.commerce.state.nc.us/cgi-bin/regcomps.ndm/INPUT?regcomlist=LPD%2C+LEC%2C+LLD%23P%3ATelephone+-+Local+Exchange&Select=Select>.

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Carolina Utilities Commission. Thus, Applicants do not have ready access to publicly available information that would enable them to provide such information at a more granular, market-specific level. Any one of the nearly 200 competitive carriers authorized to operate in the state could enter Applicants' markets largely without the knowledge of either CTC or Windstream.

Nevertheless, Applicants compiled aggregate information based on discussions with prospective customers, local advertising, and other sources, and provided such information in the initial application.<sup>2</sup> In response to supplemental staff inquiries, Applicants provide below additional information regarding potential competitors, as ascertained from their respective interconnection agreements:

- *CTC*. CTC has approved interconnection agreements, covering each of the ILEC overlap and adjacency markets listed in the application, with the following carriers:<sup>3</sup>
  - Interconnection without UNE: Time Warner Telecom; Sprint Communications; MCI Metro.
  - Interconnection with UNE: Level 3; KMC; affiliate CTC Exchange Services, Inc.; US LEC; and Time Warner Cable.
  - Resale: CAT Communications (CAT has exited the market, but could re-enter).

Of these, at least Level 3, Time Warner Telecom, Sprint Communications, and MCI Metro appear to offer facilities-based service, as evidenced by their public disclosure of wholesale services offerings.

- *Windstream*. Windstream has approved interconnection agreements, covering each of the ILEC overlap and adjacency markets listed in the application, with the following carriers:
  - Interconnection without UNE: Alltel Communications, Inc.; BellSouth Long Distance, Inc.; Business Telecom, Inc.; CTC Exchange Services, Inc. (a CTC subsidiary); ICG Communications, Inc. (Xspedius); ITC DeltaCom; Level 3 Communications, LLC; NewSouth Communications Corp.; Sprint Communications Company, L.P.; Time Warner Cable Information Services LLC and Time Warner Telecom of North Carolina, L.P.; and Verizon Business (MCI Metro).<sup>4</sup>

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<sup>2</sup> See Application at 9-10.

<sup>3</sup> Windstream is neither a CLEC nor a Greenfield provider in any area where CTC is an ILEC.

<sup>4</sup> Applicants believe that certain CLECs not purchasing UNEs are also providing wholesale services to VoIP providers. See *Time Warner Cable Request for Declaratory Ruling that Competitive Local Exchange Carriers May Obtain Interconnection under Section 251 of the Communications Act of 1934, as Amended, to Provide Wholesale*

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- Interconnection with UNE: Caronet, Inc., DukeNet Communications, LLC; Madison River Communications, LLC; South Carolina Net, Inc. dba Spirit Telecom; and US LEC of North Carolina Inc.
- Resale Only: 1-800-Reconex, Inc.; Adelphia Business Solutions of North Carolina; Budget Phone, Inc.; CAT Communications International, Inc.; Delta Phones, Inc.; DPI-Teleconnect, L.L.C.; Empire Communications, Corp.; E-Z Talk Communications, LLC; Flatel, Inc.; GlobalConnection, Inc. of North Carolina; Granite Telecommunications, LLC; NationsLine North Carolina, Inc.; North Carolina Telecom, LLC; OneTone Telecom, Inc.; Paramount Communications, Inc.; Phone-Link, Inc.; Quality Telephone, Inc.; Smoke Signal Communications, L.C.; Universal Telecom, Inc.; and Vertex Communications, Inc.

#### ***Actual Competitors for ILEC-CLEC Overlap Markets***

Staff requested additional information concerning the ILEC-CLEC overlap markets listed in the application – *i.e.* the Mooresville, Matthews, Indian Trail, Waxhaw, Hemby Bridge, Granite Quarry, Norwood and Sanford exchanges. Based on discussions with prospective customers, local advertising, and other sources, Applicants believe that, at a minimum, the following CLECs are providing services in those markets: Time Warner Telecom; Time Warner Cable; Paetec; NUVOX; and Level 3 (wholesale).

In these markets, the loss of customers to Time Warner Cable and other CATV providers' VoIP services has evolved into a much more significant and growing competitive factor than competition from CTC as a CLEC. Windstream's porting records indicate that since August 2006, at least 8.3 percent of Windstream's residential customers have switched to Time Warner Cable's VoIP product offerings in the Matthews, Indian Trail, Waxhaw and Hemby Bridge exchanges alone.

#### ***Charlotte Metropolitan Area***

As discussed in the application, Windstream's Matthews, Mooresville, Indian Trail and Hemby Bridge exchanges are in or near the Charlotte metropolitan area. A map depicting Windstream's North Carolina exchange areas, and their proximity to Charlotte, is attached. The map confirms that all of these exchanges are within or very near the Charlotte Metropolitan Statistical Area ("MSA").

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*Telecommunications to VoIP Providers*, Memorandum Opinion and Order, WC Docket No. 06-55, 22 FCC Rcd. 3513 (WCB 2007). These CLECs submit orders on behalf of VoIP providers and also terminate traffic destined for the PSTN. This is an additional source of significant competition that is not directly represented by the list of competitors identified in this filing. The Commission should consider such arrangements as facilities-based competition.

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In Charlotte itself, Windstream has 10,701 CLEC customers and CTC has 20,978. Charlotte's population exceeds 650,000 and the metropolitan region approaches 2.5 million. Thus, the impact of a combined Windstream/CTC operation would clearly be *de minimis*. The combined company will become a more effective competitor against the ILEC AT&T and other CLECs, which include Time Warner Telecom, Time Warner Cable, ITC Deltacom, Paetec, NUVOX, and Birch Telephone, as well as wholesale providers Dukenet, MCI Metro, Sprint/Nextel, Time Warner Telecom, and Level 3.

Applicants also note that they have both have made a significant investment to offer CLEC services beyond their ILEC areas into other adjoining or nearby metropolitan areas in North Carolina, in particular the Winston-Salem, Greensboro and Raleigh metropolitan areas, where the combined companies would hold several thousand customers in each. The combined company would become a more effective CLEC competitor in these markets as well.

### *Conclusions*

As demonstrated herein and in the Application, a significant number of actual and potential competitors will remain in the areas in which Applicants are actual competitors for local exchange and exchange access services. Further, as shown in Attachment A, the vast majority of CTC's CLEC lines in the affected exchanges serve business customers. Finally, Windstream and CTC both have made a significant investment to offer CLEC services beyond their ILEC exchange boundaries in Charlotte and other metropolitan areas, and the combined company would be a more effective CLEC competitor in those markets. Approval of the transaction would therefore clearly serve the public interest and be consistent with applicable Commission precedent.<sup>5</sup>

Please contact the undersigned if you have questions or need additional information.

Respectfully submitted,

WILKINSON BARKER KNAUER, LLP

By:

  
Robert G. Morse

### Attachments

cc: William Dever  
Dennis Johnson

<sup>5</sup> See *Telephone and Data Systems, Inc. and Chorus Communications, Ltd.*, Memorandum Opinion and Order, 16 FCC Rcd. 15293, ¶ 9 (2001).

**ATTACHMENT A  
(PUBLIC VERSION REDACTED)**

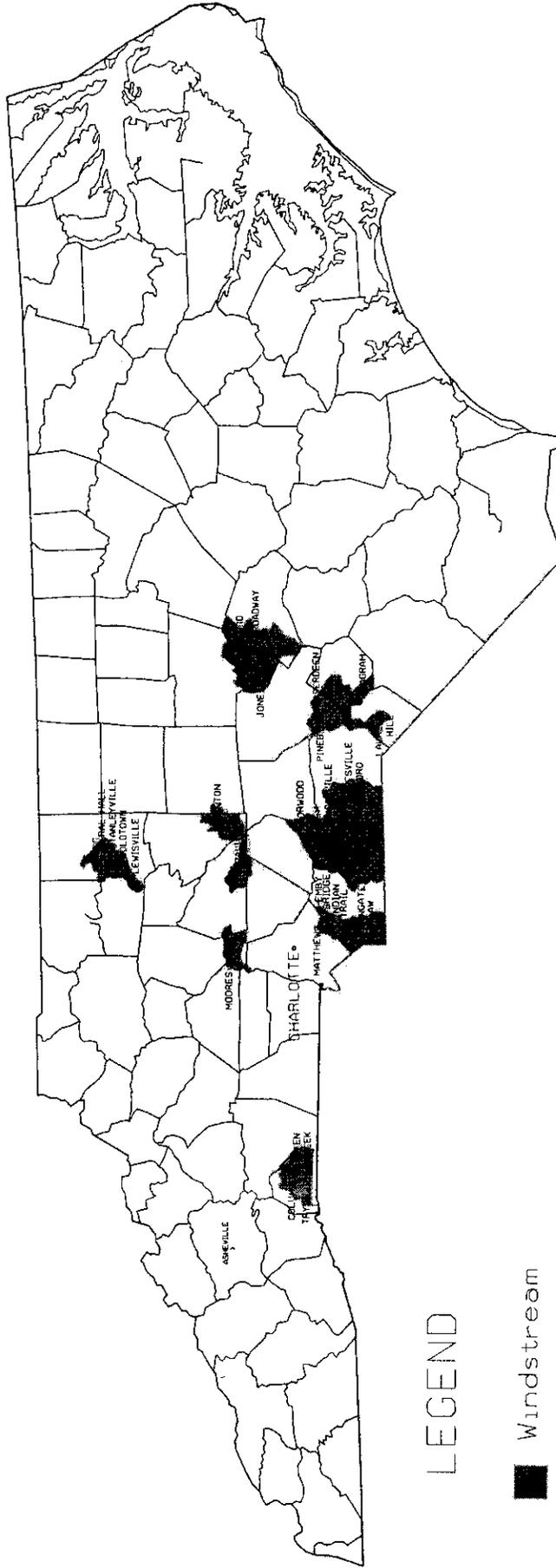
	<b>Market</b>	<b>ILEC/Subs</b>	<b>CLEC/Subs<sup>1</sup></b>	<b>Overlap</b>	<b>Adjacency</b>	<b>% Business Subscribers</b>
1	Matthews	WND/37,021	CTC/172	X		WND: [REDACTED] CTC: [REDACTED]
2	Mooresville	WND/28,872	CTC/858	X	X	WND: [REDACTED] CTC: [REDACTED]
3	Indian Trail	WND/7,050	CTC/300	X		WND: [REDACTED] CTC: [REDACTED]
4	Waxhaw	WND/10,683	CTC/3	X		WND: [REDACTED] CTC: [REDACTED]
5	Hemby Bridge	WND/7,603	CTC/298	X		WND: [REDACTED] CTC: [REDACTED]
6	Granite Quarry	WND/7,710	CTC/1	X	X	WND: [REDACTED] CTC: [REDACTED]
7	Norwood	WND/2,685	CTC/1	X		WND: [REDACTED] CTC: [REDACTED]
8	Sanford	WND/23,520	CTC/5	X		WND: [REDACTED] CTC: [REDACTED]
9	China Grove	CTC/9,402	CTC/14		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
10	Concord	CTC/40,105	CTC/1,189		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
11	Kannapolis	CTC/18,098	CTC/38		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
12	Mount Pleasant	CTC/2,697	CTC/3		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
13	New London	CTC/2,616	CTC/2		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
14	Albemarle	CTC/13,769	CTC/95		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
15	Oakboro	CTC/3,145	CTC/15		X	CTC: [REDACTED] CTC: [REDACTED] (CLEC)
16	Ansonville	WND/1,020			X	WND: [REDACTED]
17	New Salem	WND/1,207			X	WND: [REDACTED]

<sup>1</sup> CLEC subscribership figures include greenfield operations.

**ATTACHMENT B**

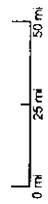
**MAP**

# Windstream NC



## LEGEND

- Windstream
- COUNTY BOUNDARY
- STATE BOUNDARY





**The FCC Acknowledges Receipt of Comments From ...  
 Windstream Corporation and CT Communications, Inc.  
 ...and Thank You for Your Comments**

<b>Your Confirmation Number is: '200775957232 '</b>	
<b>Date Received:</b>	<b>Jul 5 2007</b>
<b>Docket:</b>	<b>07-127</b>
<b>Number of Files Transmitted: 1</b>	
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